

SENATE BILL 628

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11r1086

By: **Senator Miller**

Introduced and read first time: February 4, 2011

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **State Health and Retirement Benefits – Public Employees and Retirees**

3 FOR the purpose of altering the eligibility requirements for certain individuals to
4 receive health benefits under the State Employee and Retiree Health and
5 Welfare Benefits Program; requiring that on or before a certain date the State
6 discontinue a certain prescription drug benefit plan available to certain retirees;
7 requiring certain local employers to pay a certain portion of certain employer
8 contributions for certain members of the Teachers' Retirement System or the
9 Teachers' Pension System; requiring the Board of Trustees for the State
10 Retirement and Pension System to establish a certain local contribution rate in
11 a certain manner for certain fiscal years; providing for the manner of payment
12 by certain local employers for certain employer contributions; requiring certain
13 counties to make certain payments in certain fiscal years; requiring the
14 Comptroller to exercise the right of setoff against any money due or becoming
15 due to certain local employers or counties under certain circumstances;
16 requiring the Board of Trustees of the State Retirement and Pension System to
17 establish a certain local contribution rate for certain local employees of certain
18 local employers who elect to participate in a certain cash balance option;
19 establishing a certain sustainable pension selection for certain members of the
20 Employees' Pension System or Teachers' Pension System; providing for the
21 member contribution rate and benefits for certain members of the Employees'
22 Pension System and the Teachers' Pension System under a certain sustainable
23 pension selection option; requiring certain individuals participating in a certain
24 sustainable pension selection option to make a certain one-time irrevocable
25 selection on or before a certain date; requiring the Board of Trustees of the
26 State Retirement and Pension System to establish a certain cash balance plan
27 conforming to certain provisions on or before a certain date; requiring the State
28 to pay a certain contribution rate for certain members of a certain cash balance
29 plan; altering certain age and service eligibility requirements that certain
30 members of the Employees' Pension System or Teachers' Pension System must
31 satisfy to receive a normal service retirement allowance or an early service

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 retirement allowance; altering a certain amount of interest certain retirees of
 2 the State Police Retirement System or Law Enforcement Officers' Pension
 3 System earn on certain Deferred Retirement Option Program accounts; altering
 4 certain vesting provisions for certain members of the State Retirement and
 5 Pension System; providing that on or after a certain date, certain retirees of the
 6 State Retirement and Pension System shall receive a certain cost-of-living
 7 adjustment calculated in a certain manner; altering certain State education
 8 funding for certain fiscal years; requiring the Governor to include certain
 9 additional funds in the budget bill for certain fiscal years for the State
 10 Retirement and Pension System; requiring that certain additional funds
 11 included in the budget bill for certain fiscal years be funded in a certain
 12 manner; defining certain terms; and generally relating to certain State health
 13 and retirement benefits for certain public employees and retirees.

14 BY repealing and reenacting, with amendments,
 15 Article – State Personnel and Pensions
 16 Section 2–508, 2–509, 2–509.1, 20–101(j–1), 21–304(a) and (b), 21–308(a)(1) and
 17 (d)(1), 23–101, 23–212, 23–217, 23–221, 23–401, 23–402, 24–401.1(h)(2),
 18 26–401.1(h)(2), 29–302(b), 29–303(b), 29–410(a), and 29–425(a)
 19 Annotated Code of Maryland
 20 (2009 Replacement Volume and 2010 Supplement)

21 BY adding to
 22 Article – State Personnel and Pensions
 23 Section 20–101(j–1) and (pp–1), 21–304(a–1), 21–304.1, 21–309.1, 23–101;
 24 23–225 through 23–229 to be under the new part “Part IV. Sustainable
 25 Pension Selection”; 29–302(b–1), 29–303(b–1); and 29–430 through
 26 29–432 to be under the new part “Part VII. Three/One Percent Compound
 27 Adjustment”
 28 Annotated Code of Maryland
 29 (2009 Replacement Volume and 2010 Supplement)

30 BY repealing and reenacting, without amendments,
 31 Article – State Personnel and Pensions
 32 Section 29–302(a) and 29–303(a)
 33 Annotated Code of Maryland
 34 (2009 Replacement Volume and 2010 Supplement)

35 BY repealing and reenacting, with amendments,
 36 Article – Education
 37 Section 5–202(a)
 38 Annotated Code of Maryland
 39 (2008 Replacement Volume and 2010 Supplement)

40 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
 41 MARYLAND, That the Laws of Maryland read as follows:

42 **Article – State Personnel and Pensions**

1 2-508.

2 (a) (1) In this section the following words have the meanings indicated.

3 (2) "Creditable service" means:

4 (i) service credited toward a retirement allowance under
5 Division II of this article;

6 (ii) service while a member of the Judges' Retirement System
7 under Title 27 of this article;

8 (iii) service while an employee was employed by the Domestic
9 Relations Division of the Anne Arundel County Circuit Court, prior to transfer on or
10 before July 1, 2002 into the State Personnel Management System, in accordance with
11 § 2-510 of the Courts Article; or

12 (iv) service while a member of the Maryland Transit
13 Administration Retirement Plan under § 7-206 of the Transportation Article.

14 (3) (i) "Retiree" means:

15 1. a former State employee who receives a retirement
16 allowance under Division II of this article;

17 2. a former employee of the Medical System Corporation,
18 as defined in § 13-301 or § 13-401 of the Education Article, who receives a retirement
19 allowance from the Employees' Retirement System of the State of Maryland or the
20 Employees' Pension System of the State of Maryland under Title 22 or Title 23 of this
21 article; or

22 3. a former employee of the Maryland Transit
23 Administration who receives a Maryland Transit Administration retirement allowance
24 under § 7-206 of the Transportation Article.

25 (ii) "Retiree" does not include:

26 1. a member of the faculty or staff of a community
27 college;

28 2. a teacher or a staff member employed by a county
29 board of education; or

30 3. an individual who retired under an optional program
31 under Title 30 of this article.

32 (4) "State service" means service with the State by:

1 (i) an employee while a member of the Employees' Retirement
2 System or the Employees' Pension System under Title 22 or Title 23 of this article;

3 (ii) a member of the Judges' Retirement System under Title 27
4 of this article;

5 (iii) a teacher while a member of the Teachers' Retirement
6 System or Teachers' Pension System under Title 22 or Title 23 of this article;

7 (iv) a correctional officer, while a member of the Correctional
8 Officers' Retirement System under Title 25 of this article;

9 (v) an employee of the Medical System Corporation, as defined
10 in § 13-301 or § 13-401 of the Education Article, while a member of the Employees'
11 Retirement System of the State of Maryland or the Employees' Pension System of the
12 State of Maryland under Title 22 or Title 23 of this article;

13 (vi) a State Police officer while a member of the State Police
14 Retirement System under Title 24 of this article;

15 (vii) a law enforcement officer while a member of the Law
16 Enforcement Officers' Pension System under Title 26 of this article; or

17 (viii) an employee while a member of the Maryland Transit
18 Administration Plan under § 7-206 of the Transportation Article.

19 (b) (1) **THIS SUBSECTION APPLIES TO A RETIREE WHO:**

20 (I) **RETIRED FROM A STATE SYSTEM UNDER DIVISION II OF**
21 **THIS ARTICLE ON OR BEFORE JUNE 30, 2011;**

22 (II) 1. **HAD AT LEAST 15 YEARS OF CREDITABLE SERVICE**
23 **ON OR BEFORE JULY 1, 2010; AND**

24 2. **WAS IN STATE SERVICE ON JULY 1, 2011; OR**

25 (III) 1. **RETIRES FROM A STATE SYSTEM UNDER DIVISION**
26 **II OF THIS ARTICLE ON OR AFTER JULY 1, 2011; AND**

27 2. **ON OR BEFORE JUNE 30, 2011:**

28 A. **WAS 55 YEARS OLD; OR**

1 **B. ENDED, BUT DID NOT RETIRE DIRECTLY FROM,**
2 **STATE SERVICE AND HAD AT LEAST 16 YEARS OF CREDITABLE SERVICE WHEN**
3 **THE RETIREE ENDED STATE SERVICE.**

4 **(2)** A retiree may enroll and participate in the health insurance benefit
5 options established under the Program if the retiree:

6 (i) ended State service with at least 10 years of creditable
7 service and within 5 years before the age at which a vested retirement allowance
8 normally would begin;

9 (ii) ended State service with at least 16 years of creditable
10 service;

11 (iii) ended State service on or before June 30, 1984;

12 (iv) retired directly from State service with a State retirement
13 allowance on or after July 1, 1984, and had at least 5 years of creditable service; or

14 (v) retired directly from State service with a State disability
15 retirement allowance on or after July 1, 1984.

16 **[(2)] (3)** (i) The surviving spouse or dependent child of a deceased
17 retiree who was eligible to enroll may enroll and participate in the health insurance
18 benefit options established under the Program as long as the spouse or child is
19 receiving a periodic allowance under Division II of this article or the Maryland Transit
20 Administration Retirement Plan under § 7–206 of the Transportation Article.

21 (ii) Subparagraph (i) of this paragraph does not apply to a
22 deceased retiree's spouse or dependent child who receives an Option 1, Option 4, or
23 Option 7 benefit under Division II of this article or a lump-sum payment of benefits
24 under the Maryland Transit Administration Retirement Plan under § 7–206 of the
25 Transportation Article.

26 **[(c) (1)] (4) (I)** If a retiree receives a State disability retirement
27 allowance or has 16 or more years of creditable service, the retiree or the retiree's
28 surviving spouse or dependent child is entitled to the same State subsidy allowed a
29 State employee.

30 **[(2)] (II)** In all other cases, if a retiree has at least 5 years of
31 creditable service, the retiree or the retiree's surviving spouse or dependent child is
32 entitled to 1/16 of the State subsidy allowed a State employee for each year of the
33 retiree's creditable service up to 16 years.

34 **[(3)] (5)** Notwithstanding paragraph **[(2)] (4)** of this subsection and
35 subsection (a)(4)(i) of this section, if a retiree is an additional employee or agent of the
36 State Racing Commission, for the purposes of determining a retiree's State subsidy,

1 creditable service shall be determined with respect to service as an additional
2 employee or agent beginning from the initial date of employment or January 1, 1986,
3 whichever is later.

4 (C) (1) THIS SUBSECTION APPLIES TO A RETIREE WHO:

5 (I) BEGAN STATE SERVICE ON OR AFTER JULY 1, 2011; OR

6 (II) 1. BEGAN STATE SERVICE BEFORE JULY 1, 2011;

7 2. HAD LESS THAN 15 YEARS OF CREDITABLE
8 SERVICE ON JULY 1, 2010;

9 3. REMAINED IN STATE SERVICE ON JULY 1, 2011;
10 AND

11 4. WAS LESS THAN 55 YEARS OLD ON JULY 1, 2011.

12 (2) A RETIREE MAY ENROLL AND PARTICIPATE IN THE HEALTH
13 INSURANCE BENEFIT OPTIONS ESTABLISHED UNDER THE PROGRAM IF THE
14 RETIREE:

15 (I) ENDS STATE SERVICE WITH AT LEAST 15 YEARS OF
16 CREDITABLE SERVICE; AND

17 (II) RETIRES DIRECTLY FROM STATE SERVICE.

18 (3) (I) THE SURVIVING SPOUSE OR DEPENDENT CHILD OF A
19 DECEASED RETIREE WHO WAS ELIGIBLE TO ENROLL MAY ENROLL AND
20 PARTICIPATE IN THE HEALTH INSURANCE BENEFIT OPTIONS ESTABLISHED
21 UNDER THE PROGRAM AS LONG AS THE SPOUSE OR CHILD IS RECEIVING A
22 PERIODIC ALLOWANCE UNDER DIVISION II OF THIS ARTICLE OR THE
23 MARYLAND TRANSIT ADMINISTRATION RETIREMENT PLAN UNDER § 7-206 OF
24 THE TRANSPORTATION ARTICLE.

25 (II) SUBPARAGRAPH (I) OF THIS PARAGRAPH DOES NOT
26 APPLY TO A DECEASED RETIREE'S SPOUSE OR DEPENDENT CHILD WHO
27 RECEIVES AN OPTION 1, OPTION 4, OR OPTION 7 BENEFIT UNDER DIVISION II
28 OF THIS ARTICLE OR A LUMP-SUM PAYMENT OF BENEFITS UNDER THE
29 MARYLAND TRANSIT ADMINISTRATION RETIREMENT PLAN UNDER § 7-206 OF
30 THE TRANSPORTATION ARTICLE.

31 (4) (I) IF A RETIREE RECEIVES A STATE DISABILITY
32 RETIREMENT ALLOWANCE OR HAS 25 OR MORE YEARS OF CREDITABLE

1 SERVICE, THE RETIREE OR THE RETIREE'S SURVIVING SPOUSE OR DEPENDENT
2 CHILD IS ENTITLED TO THE SAME STATE SUBSIDY ALLOWED A STATE
3 EMPLOYEE.

4 (II) IN ALL OTHER CASES, IF A RETIREE HAS AT LEAST 15
5 YEARS OF CREDITABLE SERVICE, THE RETIREE OR THE RETIREE'S SURVIVING
6 SPOUSE OR DEPENDENT CHILD IS ENTITLED TO 1/25 OF THE STATE SUBSIDY
7 ALLOWED A STATE EMPLOYEE FOR EACH YEAR OF THE RETIREE'S CREDITABLE
8 SERVICE UP TO 25 YEARS.

9 (5) NOTWITHSTANDING PARAGRAPH (4) OF THIS SUBSECTION
10 AND SUBSECTION (A)(4)(I) OF THIS SECTION, IF A RETIREE IS AN ADDITIONAL
11 EMPLOYEE OR AGENT OF THE STATE RACING COMMISSION, FOR THE PURPOSES
12 OF DETERMINING A RETIREE'S STATE SUBSIDY, CREDITABLE SERVICE SHALL BE
13 DETERMINED WITH RESPECT TO SERVICE AS AN ADDITIONAL EMPLOYEE OR
14 AGENT BEGINNING FROM THE INITIAL DATE OF EMPLOYMENT.

15 (D) (1) THIS SUBSECTION APPLIES TO A RETIREE WHO:

16 (I) ON OR BEFORE JUNE 30, 2011:

17 1. ENDED, BUT DID NOT RETIRE DIRECTLY FROM,
18 STATE SERVICE;

19 2. HAD LESS THAN 16 YEARS OF CREDITABLE
20 SERVICE WHEN THE RETIREE ENDED STATE SERVICE; AND

21 3. WAS LESS THAN 55 YEARS OLD WHEN THE
22 RETIREE ENDED STATE SERVICE; OR

23 (II) 1. ON OR AFTER JULY 1, 2011, ENDS, BUT DOES NOT
24 RETIRE DIRECTLY FROM, STATE SERVICE; AND

25 2. WAS LESS THAN 55 YEARS OLD ON JULY 1, 2011.

26 (2) A RETIREE MAY NOT ENROLL AND PARTICIPATE IN THE
27 HEALTH INSURANCE BENEFIT OPTIONS ESTABLISHED UNDER THE PROGRAM.

28 2-509.

29 (a) (1) THIS SUBSECTION APPLIES TO AN INDIVIDUAL WHO:

30 (I) RETIRED FROM THE OPTIONAL RETIREMENT PROGRAM
31 UNDER TITLE 30 OF THIS ARTICLE ON OR BEFORE JUNE 30, 2011;

1 **(II) 1. HAD AT LEAST 15 YEARS OF SERVICE AS AN**
 2 **EMPLOYEE OF THE STATE IN THE EXECUTIVE, LEGISLATIVE, OR JUDICIAL**
 3 **BRANCH OF GOVERNMENT ON OR BEFORE JULY 1, 2010; AND**

4 **2. WAS EMPLOYED BY A STATE INSTITUTION OF**
 5 **HIGHER EDUCATION ON JULY 1, 2011; OR**

6 **(III) 1. RETIRES FROM THE OPTIONAL RETIREMENT**
 7 **PROGRAM UNDER TITLE 30 OF THIS ARTICLE ON OR AFTER JULY 1, 2011; AND**

8 **2. ON OR BEFORE JUNE 30, 2011:**

9 **A. WAS 55 YEARS OLD; OR**

10 **B. ENDED SERVICE WITH, BUT DID NOT RETIRE**
 11 **DIRECTLY FROM, A STATE INSTITUTION OF HIGHER EDUCATION AND HAD AT**
 12 **LEAST 16 YEARS OF SERVICE AS AN EMPLOYEE OF THE STATE IN THE**
 13 **EXECUTIVE, LEGISLATIVE, OR JUDICIAL BRANCH OF GOVERNMENT WHEN THE**
 14 **INDIVIDUAL ENDED SERVICE WITH A STATE INSTITUTION OF HIGHER**
 15 **EDUCATION.**

16 **(2) Subject to [paragraph (2)] SUBSECTION (D) of this [subsection]**
 17 **SECTION, an individual may enroll and participate in the health insurance benefit**
 18 **options established under the Program if the individual retired under [an optional**
 19 **program] THE OPTIONAL RETIREMENT PROGRAM under Title 30 of this article and:**

20 (i) ended service with a State institution of higher education
 21 with at least 10 years of service and was at least age 57;

22 (ii) ended service with a State institution of higher education
 23 with at least 16 years of service; or

24 (iii) retired directly from and had at least 5 years of service with
 25 a State institution of higher education with a periodic distribution of benefits on or
 26 after July 1, 1984.

27 **(3) THE SURVIVING SPOUSE OR DEPENDENT CHILD OF A**
 28 **DECEASED INDIVIDUAL WHO WAS ELIGIBLE TO ENROLL MAY ENROLL AND**
 29 **PARTICIPATE IN THE HEALTH INSURANCE BENEFIT OPTIONS ESTABLISHED**
 30 **UNDER THE PROGRAM AS LONG AS THE SPOUSE OR CHILD IS RECEIVING A**
 31 **PERIODIC DISTRIBUTION OF BENEFITS UNDER THE OPTIONAL RETIREMENT**
 32 **PROGRAM UNDER TITLE 30 OF THIS ARTICLE.**

1 **(4) (I) AN INDIVIDUAL WHO ENROLLS UNDER THIS**
2 **SUBSECTION IN THE HEALTH INSURANCE BENEFIT OPTIONS ESTABLISHED**
3 **UNDER THE PROGRAM AND WHO WAS IN SERVICE WITH A STATE INSTITUTION**
4 **OF HIGHER EDUCATION AT THE TIME OF RETIREMENT IS ENTITLED TO THE**
5 **SAME STATE SUBSIDY ALLOWED A RETIREE UNDER § 2-508(B) OF THIS**
6 **SUBTITLE.**

7 **(II) EXCEPT AS PROVIDED IN PARAGRAPH (5) OF THIS**
8 **SUBSECTION, THE SUBSIDY SHALL APPLY ONLY TO THE COSTS OF COVERAGE**
9 **FOR THE INDIVIDUAL AND MAY NOT APPLY TO ANY ADDITIONAL COSTS OF**
10 **COVERAGE FOR THE INDIVIDUAL'S SPOUSE OR CHILDREN.**

11 **(5) IF THE INDIVIDUAL HAS 25 OR MORE YEARS OF SERVICE AS**
12 **AN EMPLOYEE OF THE STATE IN THE EXECUTIVE, LEGISLATIVE, OR JUDICIAL**
13 **BRANCH OF GOVERNMENT, THE INDIVIDUAL OR THE INDIVIDUAL'S SURVIVING**
14 **SPOUSE OR DEPENDENT CHILD IS ENTITLED TO THE SAME STATE SUBSIDY**
15 **ALLOWED A RETIREE WITH 16 OR MORE YEARS OF CREDITABLE SERVICE UNDER**
16 **§ 2-508(B)(4) OF THIS SUBTITLE.**

17 **(B) (1) THIS SUBSECTION APPLIES TO AN INDIVIDUAL WHO:**

18 **(I) BEGAN SERVICE WITH A STATE INSTITUTION OF HIGHER**
19 **EDUCATION ON OR AFTER JULY 1, 2011; OR**

20 **(II) 1. BEGAN SERVICE WITH A STATE INSTITUTION OF**
21 **HIGHER EDUCATION BEFORE JULY 1, 2011;**

22 **2. HAD LESS THAN 15 YEARS OF SERVICE AS AN**
23 **EMPLOYEE OF THE STATE IN THE EXECUTIVE, LEGISLATIVE, OR JUDICIAL**
24 **BRANCH OF GOVERNMENT, ON JULY 1, 2010;**

25 **3. REMAINED IN SERVICE WITH A STATE**
26 **INSTITUTION OF HIGHER EDUCATION ON JULY 1, 2011; AND**

27 **4. WAS LESS THAN 55 YEARS OLD ON JULY 1, 2011.**

28 **(2) AN INDIVIDUAL MAY ENROLL AND PARTICIPATE IN THE**
29 **HEALTH INSURANCE BENEFIT OPTIONS ESTABLISHED UNDER THE PROGRAM IF**
30 **THE INDIVIDUAL:**

31 **(I) ENDED SERVICE WITH A STATE INSTITUTION OF HIGHER**
32 **EDUCATION WITH AT LEAST 15 YEARS OF SERVICE AS AN EMPLOYEE OF THE**
33 **STATE IN THE EXECUTIVE, LEGISLATIVE, OR JUDICIAL BRANCH OF**
34 **GOVERNMENT; AND**

1 **(II) RETIRED DIRECTLY FROM SERVICE WITH A STATE**
2 **INSTITUTION OF HIGHER EDUCATION AS A RETIREE OF THE OPTIONAL**
3 **RETIREMENT PROGRAM UNDER TITLE 30 OF THIS ARTICLE.**

4 **(3) THE SURVIVING SPOUSE OR DEPENDENT CHILD OF A**
5 **DECEASED INDIVIDUAL WHO WAS ELIGIBLE TO ENROLL MAY ENROLL AND**
6 **PARTICIPATE IN THE HEALTH INSURANCE BENEFIT OPTIONS ESTABLISHED**
7 **UNDER THE PROGRAM AS LONG AS THE SPOUSE OR CHILD IS RECEIVING A**
8 **PERIODIC DISTRIBUTION OF BENEFITS UNDER THE OPTIONAL RETIREMENT**
9 **PROGRAM UNDER TITLE 30 OF THIS ARTICLE.**

10 **(4) (I) IF AN INDIVIDUAL HAS 25 OR MORE YEARS OF SERVICE**
11 **AS AN EMPLOYEE OF THE STATE IN THE EXECUTIVE, LEGISLATIVE, OR**
12 **JUDICIAL BRANCH OF GOVERNMENT AND RETIRES DIRECTLY FROM SERVICE**
13 **WITH A STATE INSTITUTION OF HIGHER EDUCATION AS A RETIREE OF THE**
14 **OPTIONAL RETIREMENT PROGRAM UNDER TITLE 30 OF THIS ARTICLE, THE**
15 **INDIVIDUAL OR THE INDIVIDUAL'S SURVIVING SPOUSE OR DEPENDENT CHILD IS**
16 **ENTITLED TO THE SAME STATE SUBSIDY ALLOWED A STATE EMPLOYEE.**

17 **(II) IN ALL OTHER CASES, IF AN INDIVIDUAL HAS AT LEAST**
18 **15 YEARS OF SERVICE AS AN EMPLOYEE OF THE STATE IN THE EXECUTIVE,**
19 **LEGISLATIVE, OR JUDICIAL BRANCH OF GOVERNMENT AND RETIRES DIRECTLY**
20 **FROM SERVICE WITH A STATE INSTITUTION OF HIGHER EDUCATION AS A**
21 **RETIREE OF THE OPTIONAL RETIREMENT PROGRAM UNDER TITLE 30 OF THIS**
22 **ARTICLE, THE INDIVIDUAL OR THE INDIVIDUAL'S SURVIVING SPOUSE OR**
23 **DEPENDENT CHILD IS ENTITLED TO 1/25 OF THE STATE SUBSIDY ALLOWED A**
24 **STATE EMPLOYEE FOR EACH YEAR OF THE INDIVIDUAL'S SERVICE UP TO 25**
25 **YEARS.**

26 **(C) (1) THIS SUBSECTION APPLIES TO AN INDIVIDUAL WHO:**

27 **(I) ON OR BEFORE JUNE 30, 2011:**

28 1. **ENDED SERVICE WITH A STATE INSTITUTION OF**
29 **HIGHER EDUCATION;**

30 2. **HAD LESS THAN 16 YEARS OF SERVICE AS AN**
31 **EMPLOYEE OF THE STATE IN THE EXECUTIVE, LEGISLATIVE, OR JUDICIAL**
32 **BRANCH OF GOVERNMENT WHEN THE INDIVIDUAL ENDED SERVICE WITH A**
33 **STATE INSTITUTION OF HIGHER EDUCATION;**

1 **3. WAS LESS THAN 55 YEARS OLD WHEN THE**
2 **INDIVIDUAL ENDED SERVICE WITH A STATE INSTITUTION OF HIGHER**
3 **EDUCATION; AND**

4 **4. DID NOT RETIRE DIRECTLY FROM SERVICE WITH A**
5 **STATE INSTITUTION OF HIGHER EDUCATION AS A RETIREE OF THE OPTIONAL**
6 **RETIREMENT PROGRAM UNDER TITLE 30 OF THIS ARTICLE; OR**

7 **(II) 1. ENDS SERVICE WITH A STATE INSTITUTION OF**
8 **HIGHER EDUCATION ON OR AFTER JULY 1, 2011;**

9 **2. DOES NOT RETIRE DIRECTLY FROM SERVICE WITH**
10 **A STATE INSTITUTION OF HIGHER EDUCATION AS A RETIREE OF THE OPTIONAL**
11 **RETIREMENT PROGRAM UNDER TITLE 30 OF THIS ARTICLE; AND**

12 **3. WAS LESS THAN 55 YEARS OLD ON JULY 1, 2011.**

13 **(2) AN INDIVIDUAL MAY NOT ENROLL AND PARTICIPATE IN THE**
14 **HEALTH INSURANCE BENEFIT OPTIONS ESTABLISHED UNDER THE PROGRAM.**

15 **[(2) (i)] (D) (1)** For purposes of this subsection only, years of
16 service shall be calculated as follows:

17 **[1.] (I)** except as provided in [subparagraph (ii) of this]
18 paragraph **(2) OF THIS SUBSECTION**, a year of service means a period of 12 months
19 during which an employee was a participant in [an] **THE** optional retirement program
20 under Title 30 of this article and the participant's employer made contributions to the
21 participant's account in the Program; or

22 **[2.] (II)** if an employee's work year is an academic year
23 of at least 9 but less than 12 months, a year of service means a period equal to the
24 academic year during which an employee was a participant in [an] **THE** optional
25 retirement program under Title 30 of this article and the participant's employer made
26 contributions to the participant's account in the Program.

27 **[(ii)] (2)** To determine eligibility for health insurance benefits
28 under this section, each year of service shall be multiplied by the participant's
29 percentage of full-time employment for that year of service.

30 **[(3)** The surviving spouse or dependent child of a deceased individual
31 who was eligible to enroll may enroll and participate in the health insurance benefit
32 options established under the Program as long as the spouse or child is receiving a
33 periodic distribution of benefits under an optional retirement program under Title 30
34 of this article.

1 (b) (1) An enrollee under this section who was in service with a State
2 institution of higher education at the time of the retirement is entitled to the same
3 State subsidy allowed a retiree under § 2–508 of this subtitle. However, except as
4 provided in paragraph (2) of this subsection, the subsidy shall apply only to the costs
5 of coverage for the enrollee and may not apply to any additional costs of coverage for
6 the enrollee’s spouse or children.

7 (2) If the enrollee has 25 or more years of service as an employee of
8 the State in the Executive, Legislative, or Judicial Branch of government, the enrollee
9 or the enrollee’s surviving spouse or dependent child is entitled to the same State
10 subsidy allowed a retiree with 16 or more years of creditable service under
11 § 2–508(c)(1) of this subtitle.]

12 2–509.1.

13 (A) [The] **EXCEPT AS PROVIDED IN SUBSECTION (B) OF THIS SECTION,**
14 **THE** State shall continue to include a prescription drug benefit plan in the health
15 insurance benefit options established under the Program and available to retirees
16 under §§ 2–508 and 2–509 of this subtitle notwithstanding the enactment of the
17 federal Medicare Prescription Drug, Improvement, and Modernization Act of 2003 or
18 any other federal law permitting states to discontinue prescription drug benefit plans
19 to retirees of a state.

20 (B) **ON OR BEFORE JULY 1, 2020, THE STATE SHALL DISCONTINUE THE**
21 **PRESCRIPTION DRUG BENEFIT PLAN IN THE HEALTH INSURANCE BENEFIT**
22 **OPTIONS ESTABLISHED UNDER THE PROGRAM AVAILABLE TO RETIREES UNDER**
23 **§§ 2–508 AND 2–509 OF THIS SUBTITLE WHO ARE ELIGIBLE TO RECEIVE**
24 **PRESCRIPTION DRUG COVERAGE UNDER THE FEDERAL MEDICARE**
25 **PRESCRIPTION DRUG, IMPROVEMENT, AND MODERNIZATION ACT OF 2003 OR**
26 **ANY OTHER FEDERAL LAW PERMITTING STATES TO DISCONTINUE**
27 **PRESCRIPTION DRUG BENEFIT PLANS TO RETIREES OF THE STATE.**

28 20–101.

29 (J–1) **“CASH BALANCE PLAN” MEANS A DEFINED BENEFIT PLAN UNDER**
30 **WHICH REQUIRED EMPLOYER CONTRIBUTIONS AND MEMBER CONTRIBUTIONS**
31 **EQUAL TO A FIXED PERCENTAGE OF A MEMBER’S ANNUAL EARNABLE**
32 **COMPENSATION IS DEPOSITED INTO AN INTEREST BEARING ACCOUNT.**

33 [(j–1)] (J–2) **“Contributory pension benefit” means the part of the**
34 **Employees’ Pension System and the Teachers’ Pension System that provides the**
35 **contributory pension benefit under Title 23, Subtitle 2, Part II of this article.**

36 (PP–1) **“SUSTAINABLE PENSION SELECTION” MEANS THE PART OF THE**
37 **EMPLOYEES’ PENSION SYSTEM AND THE TEACHERS’ PENSION SYSTEM THAT**

1 PROVIDES THE SUSTAINABLE PENSION SELECTION UNDER TITLE 23, SUBTITLE
2 2, PART IV OF THIS ARTICLE.

3 21-304.

4 (a) (1) In this section the following words have the meanings indicated.

5 (2) WITH RESPECT TO LOCAL EMPLOYEES, “AGGREGATE ANNUAL
6 EARNABLE COMPENSATION” MEANS AN AMOUNT BASED ON THE AGGREGATE
7 ANNUAL SALARY PAYABLE BY A LOCAL EMPLOYER TO LOCAL EMPLOYEES,
8 CALCULATED AS OF JUNE 30 OF THE SECOND PRIOR FISCAL YEAR BEFORE THE
9 FISCAL YEAR FOR WHICH A CALCULATION IS MADE UNDER THIS SECTION.

10 [(2)] (3) “Full funding rate” means the sum of:

11 (i) the aggregate normal rate that is based on the normal
12 contribution rate calculated under subsection (c) of this section and adjusted to
13 incorporate legislative changes in benefits to reflect changes to the normal cost; and

14 (ii) the aggregate unfunded accrued liability contribution rate
15 that is based on the unfunded accrued liability contribution rate under subsection
16 (d)(1) and (2) of this section.

17 [(3)] (4) “Funding ratio for the employees’ systems” means the
18 actuarial value of assets for the employees’ systems divided by the actuarial accrued
19 liability for the employees’ systems.

20 [(4)] (5) “Funding ratio for the teachers’ systems” means the
21 actuarial value of assets for the teachers’ systems divided by the actuarial accrued
22 liability for the teachers’ systems.

23 (6) “LOCAL EMPLOYEE” MEANS A MEMBER OF THE TEACHERS’
24 RETIREMENT SYSTEM OR THE TEACHERS’ PENSION SYSTEM WHO IS:

25 (I) AN EMPLOYEE OF A DAY SCHOOL IN THE STATE UNDER
26 THE AUTHORITY AND SUPERVISION OF A COUNTY BOARD OF EDUCATION OR THE
27 BALTIMORE CITY BOARD OF SCHOOL COMMISSIONERS, EMPLOYED AS:

- 28 1. A CLERK;
- 29 2. A HELPING TEACHER;
- 30 3. A PRINCIPAL;
- 31 4. A SUPERINTENDENT;

1 **5. A SUPERVISOR; OR**

2 **6. A TEACHER;**

3 **(II) A LIBRARIAN OR CLERICAL EMPLOYEE OF A LIBRARY**
4 **THAT IS ESTABLISHED OR OPERATES UNDER THE EDUCATION ARTICLE; OR**

5 **(III) A MEMBER OF THE FACULTY OR A PROFESSIONAL OR**
6 **CLERICAL EMPLOYEE OF A COMMUNITY COLLEGE, OTHER THAN BALTIMORE**
7 **CITY COMMUNITY COLLEGE, THAT IS ESTABLISHED UNDER THE EDUCATION**
8 **ARTICLE.**

9 **(7) “LOCAL EMPLOYER” MEANS:**

10 **(I) A DAY SCHOOL IN THE STATE UNDER THE AUTHORITY**
11 **AND SUPERVISION OF A COUNTY BOARD OF EDUCATION OR THE BALTIMORE**
12 **CITY BOARD OF SCHOOL COMMISSIONERS;**

13 **(II) A LIBRARY THAT IS ESTABLISHED OR OPERATES UNDER**
14 **THE EDUCATION ARTICLE; OR**

15 **(III) A COMMUNITY COLLEGE, OTHER THAN BALTIMORE**
16 **CITY COMMUNITY COLLEGE, THAT IS ESTABLISHED UNDER THE EDUCATION**
17 **ARTICLE.**

18 **[(5)] (8) “State member” does not include a member on whose behalf**
19 **a participating governmental unit is required to make an employer contribution under**
20 **§ 21–305 or § 21–306 of this subtitle.**

21 **(9) “TOTAL EMPLOYER CONTRIBUTION FOR LOCAL EMPLOYEES”**
22 **MEANS THAT PORTION OF THE EMPLOYER CONTRIBUTION CALCULATED UNDER**
23 **SUBSECTION (B) OF THIS SECTION THAT IS ATTRIBUTABLE TO THE LOCAL**
24 **EMPLOYEES OF EACH LOCAL EMPLOYER.**

25 **(A–1) THIS SECTION DOES NOT APPLY TO ANY STATE MEMBER OF THE**
26 **EMPLOYEES’ PENSION SYSTEM OR TEACHERS’ PENSION SYSTEM WHO SELECTS**
27 **THE CASH BALANCE OPTION OF THE SUSTAINABLE PENSION SELECTION**
28 **UNDER TITLE 23, SUBTITLE 2, PART IV OF THIS ARTICLE.**

29 **(b) (1) [Each] SUBJECT TO PARAGRAPHS (4) THROUGH (6) OF THIS**
30 **SUBSECTION, EACH fiscal year, on behalf of the State members of each State system,**
31 **the State shall pay to the appropriate accumulation fund an amount equal to or**
32 **greater than the sum of the amount, if any, required to be included in the budget bill**
33 **under § 3–501(c)(2)(ii) of this article and the product of multiplying:**

1 (i) the aggregate annual earnable compensation of the State
2 members of that State system; and

3 (ii) 1. for State members of the Law Enforcement Officers'
4 Retirement System, State Police Retirement System, and the Judges' Retirement
5 System, the sum of the normal contribution rate and the accrued liability contribution
6 rate, as determined under this section;

7 2. for State members of the Employees' Pension System,
8 Employees' Retirement System, Correctional Officers' Retirement System, and
9 Legislative Pension Plan, the employees' systems contribution rate determined under
10 subsection (e) of this section; or

11 3. for State members of the Teachers' Pension System
12 and Teachers' Retirement System, the teachers' systems contribution rate determined
13 under subsection (f) of this section.

14 (2) The amount determined under paragraph (1) of this subsection for
15 each State system shall be based on an actuarial determination of the amounts that
16 are required to preserve the integrity of the funds of the several systems using:

17 (i) the entry-age actuarial cost method; and

18 (ii) actuarial assumptions adopted by the Board of Trustees.

19 (3) For the purpose of making the determinations required under this
20 section:

21 (i) the Employees' Retirement System, the Employees' Pension
22 System, the Correctional Officers' Retirement System, and the Legislative Pension
23 Plan shall be considered together as one State system; and

24 (ii) the Teachers' Retirement System and the Teachers' Pension
25 System shall be considered together as one State system.

26 **(4) BEGINNING JULY 1, 2012, ON BEHALF OF THE LOCAL**
27 **EMPLOYEES OF THE LOCAL EMPLOYER, SUBJECT TO § 21-309.1 OF THIS**
28 **SUBTITLE, EACH LOCAL EMPLOYER SHALL PAY EACH FISCAL YEAR TO THE**
29 **APPROPRIATE ACCUMULATION FUND AN AMOUNT EQUAL TO THE LOCAL SHARE**
30 **OF THE TOTAL EMPLOYER CONTRIBUTION FOR LOCAL EMPLOYEES AS**
31 **DETERMINED UNDER PARAGRAPH (5) OF THIS SUBSECTION.**

32 **(5) (I) FOR EACH LOCAL EMPLOYER DESCRIBED UNDER**
33 **SUBSECTION (A)(7)(I) OF THIS SECTION, THE LOCAL SHARE OF THE TOTAL**
34 **EMPLOYER CONTRIBUTION FOR LOCAL EMPLOYEES IS THE AGGREGATE ANNUAL**
35 **EARNABLE COMPENSATION OF LOCAL EMPLOYEES OF THAT LOCAL EMPLOYER**
36 **MULTIPLIED TIMES:**

- 1 1. **2% FOR FISCAL YEAR 2013;**
2 2. **6% FOR FISCAL YEAR 2014;**
3 3. **10% FOR EACH OF FISCAL YEARS 2015 AND 2016;**
4 **AND**
- 5 4. **FOR FISCAL YEAR 2017 AND EACH FISCAL YEAR**
6 **THEREAFTER, THE RATE ESTABLISHED BY THE BOARD OF TRUSTEES UNDER §**
7 **21-309.1 OF THIS SUBTITLE.**

8 **(II) FOR EACH LOCAL EMPLOYER DESCRIBED UNDER**
9 **SUBSECTION (A)(7)(II) AND (III) OF THIS SECTION, THE LOCAL SHARE OF THE**
10 **TOTAL EMPLOYER CONTRIBUTION FOR LOCAL EMPLOYEES IS THE AGGREGATE**
11 **ANNUAL EARNABLE COMPENSATION OF LOCAL EMPLOYEES OF THAT LOCAL**
12 **EMPLOYER MULTIPLIED TIMES:**

- 13 1. **1% FOR FISCAL YEAR 2013;**
14 2. **3% FOR FISCAL YEAR 2014;**
15 3. **5% FOR EACH OF FISCAL YEARS 2015 AND 2016;**
16 **AND**
- 17 4. **FOR FISCAL YEAR 2017 AND EACH FISCAL YEAR**
18 **THEREAFTER, THE RATE ESTABLISHED BY THE BOARD OF TRUSTEES UNDER §**
19 **21-309.1 OF THIS SUBTITLE.**

20 **(6) THE DIFFERENCE BETWEEN THE TOTAL EMPLOYER**
21 **CONTRIBUTION FOR LOCAL EMPLOYEES AND THE LOCAL SHARE OF THE TOTAL**
22 **EMPLOYER CONTRIBUTION FOR LOCAL EMPLOYEES FOR EACH LOCAL**
23 **EMPLOYER SHALL BE THE OBLIGATION OF THE STATE.**

24 **21-304.1.**

25 **(A) IN THIS SECTION, “LOCAL EMPLOYEE” AND “LOCAL EMPLOYER”**
26 **HAVE THE MEANINGS STATED IN § 21-304 OF THIS SUBTITLE.**

27 **(B) SUBJECT TO SUBSECTION (C) OF THIS SECTION, EACH FISCAL YEAR,**
28 **ON BEHALF OF THE STATE MEMBERS PARTICIPATING IN THE CASH BALANCE**
29 **OPTION OF THE SUSTAINABLE PENSION SELECTION UNDER TITLE 23,**
30 **SUBTITLE 2, PART IV OF THIS ARTICLE, THE STATE SHALL PAY TO THE**

1 APPROPRIATE ACCUMULATION FUND AN AMOUNT EQUAL TO 10% OF THE STATE
2 MEMBER'S ANNUAL EARNABLE COMPENSATION.

3 (c) (1) IN ESTABLISHING A CASH BALANCE PLAN AS PROVIDED IN §
4 23-227(B) OF THIS ARTICLE, THE BOARD OF TRUSTEES SHALL PROVIDE FOR
5 THE CALCULATION OF A PORTION OF THE EMPLOYER CONTRIBUTION UNDER
6 SUBSECTION (B) OF THIS SECTION TO BE PAID BY EACH LOCAL EMPLOYER ON
7 BEHALF OF THE LOCAL EMPLOYEES OF THAT LOCAL EMPLOYER.

8 (2) THE CALCULATION ESTABLISHED UNDER PARAGRAPH (1) OF
9 THIS SUBSECTION SHALL BE CONSISTENT WITH THE CALCULATION UNDER §§
10 21-304 AND 21-309.1 OF THIS SUBTITLE TO DETERMINE THE LOCAL SHARE OF
11 THE EMPLOYER CONTRIBUTION ATTRIBUTABLE TO THE LOCAL EMPLOYEES OF
12 EACH LOCAL EMPLOYER.

13 21-308.

14 (a) (1) On or before December 1 of each year, the Board of Trustees shall:

15 (i) certify to the Governor and the Secretary of Budget and
16 Management the rates to be used to determine the amounts to be paid by the State to
17 the accumulation fund of each of the several systems during the next fiscal year; and

18 (ii) provide to the Secretary of Budget and Management a
19 statement of the total amount to be paid **BY THE STATE AS DETERMINED UNDER §§**
20 **21-304 AND 21-304.1 OF THIS SUBTITLE** to the Teachers' Retirement System and
21 the Teachers' Pension System expressed as a percentage of the payroll of all members
22 of those State systems.

23 (d) (1) (i) The State Superintendent of Schools shall determine the
24 amount that equals the applicable percentage as determined under subparagraph (ii)
25 of this paragraph of the payroll of the professional and clerical employees of the
26 Department of Public Libraries of Montgomery County who are members of the
27 Employees' Retirement System of Montgomery County and are excluded from
28 membership in the Teachers' Retirement System or the Teachers' Pension System.

29 (ii) The applicable percentage under subparagraph (i) of this
30 paragraph is the lesser of:

31 1. the **DIFFERENCE BETWEEN THE** State's contribution
32 percentage for the Teachers' Retirement System and the Teachers' Pension System
33 **AND THE LOCAL CONTRIBUTION RATE DETERMINED UNDER § 21-309.1 OF THIS**
34 **SUBTITLE**, as certified by the Board of Trustees; or

1 2. the percentage of the payroll of its employees that
2 Montgomery County has contributed to the Employees' Retirement System of
3 Montgomery County, as determined by an actuarial valuation.

4 **21-309.1.**

5 **(A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE**
6 **MEANINGS INDICATED.**

7 **(2) "LOCAL CONTRIBUTION RATE" MEANS THE RATE TO BE**
8 **APPLIED TO THE AGGREGATE EARNABLE COMPENSATION OF LOCAL**
9 **EMPLOYEES TO CALCULATE THE LOCAL SHARE OF THE TOTAL EMPLOYER**
10 **CONTRIBUTION FOR LOCAL EMPLOYEES UNDER § 21-304 OR § 21-304.1 OF THIS**
11 **SUBTITLE.**

12 **(3) "LOCAL EMPLOYEE" HAS THE MEANING STATED IN § 21-304**
13 **OF THIS SUBTITLE.**

14 **(4) "LOCAL EMPLOYER" HAS THE MEANING STATED IN § 21-304**
15 **OF THIS SUBTITLE.**

16 **(B) (1) (I) ON OR BEFORE DECEMBER 1, 2015, AND ON OR BEFORE**
17 **DECEMBER 1 EACH YEAR THEREAFTER, THE BOARD OF TRUSTEES SHALL**
18 **ESTABLISH THE LOCAL CONTRIBUTION RATE FOR THE NEXT FISCAL YEAR AS**
19 **PROVIDED IN THIS SUBSECTION.**

20 **(II) ON OR BEFORE NOVEMBER 1, 2015, AND ON OR BEFORE**
21 **NOVEMBER 1 EACH YEAR THEREAFTER, THE BOARD OF TRUSTEES SHALL**
22 **PROVIDE LOCAL EMPLOYERS A PRELIMINARY ESTIMATE OF THE LOCAL**
23 **CONTRIBUTION RATE FOR THE NEXT FISCAL YEAR.**

24 **(2) (I) FOR EACH FISCAL YEAR, THE LOCAL CONTRIBUTION**
25 **RATE FOR EACH LOCAL EMPLOYER DESCRIBED UNDER § 21-304(A)(7)(II) AND**
26 **(III) OF THIS SUBTITLE SHALL BE ESTABLISHED AT THE RATE THAT WHEN**
27 **ADDED TO THE RATE OF THE EMPLOYER SOCIAL SECURITY CONTRIBUTION**
28 **REQUIRED BY FEDERAL LAW EQUALS ONE-HALF OF THE SUM OF:**

29 **1. THE TEACHERS' SYSTEM CONTRIBUTION RATE**
30 **FOR THE FISCAL YEAR DETERMINED UNDER § 21-304(F) OF THIS SUBTITLE;**
31 **AND**

32 **2. THE RATE OF THE EMPLOYER SOCIAL SECURITY**
33 **CONTRIBUTION REQUIRED BY FEDERAL LAW.**

1 **(II) FOR EACH FISCAL YEAR, THE LOCAL CONTRIBUTION**
2 **RATE FOR EACH LOCAL EMPLOYER DESCRIBED UNDER § 21-304(A)(7)(I) OF**
3 **THIS SUBTITLE SHALL BE TWICE THE RATE PROVIDED UNDER SUBPARAGRAPH**
4 **(I) OF THIS PARAGRAPH.**

5 **(C) ON OR BEFORE DECEMBER 1, 2011, AND ON OR BEFORE DECEMBER**
6 **1 EACH YEAR THEREAFTER, THE BOARD OF TRUSTEES SHALL DETERMINE THE**
7 **AMOUNTS PAYABLE BY EACH LOCAL EMPLOYER UNDER § 21-304(B)(4) OF THIS**
8 **SUBTITLE FOR THE NEXT FISCAL YEAR.**

9 **(D) EACH YEAR, THE BOARD OF TRUSTEES SHALL CERTIFY TO EACH**
10 **LOCAL EMPLOYER THE LOCAL CONTRIBUTION RATE AND THE AMOUNTS**
11 **PAYABLE BY THE LOCAL EMPLOYER UNDER §§ 21-304(B)(4) AND 21-304.1 OF**
12 **THIS SUBTITLE FOR THE NEXT FISCAL YEAR.**

13 **(E) (1) ON OR BEFORE OCTOBER 1, JANUARY 1, APRIL 16, AND JUNE**
14 **1 EACH FISCAL YEAR, EACH LOCAL EMPLOYER SHALL PAY TO THE BOARD OF**
15 **TRUSTEES 25% OF THE AMOUNT OF THE CHARGES CERTIFIED TO THE LOCAL**
16 **EMPLOYER BY THE BOARD OF TRUSTEES UNDER SUBSECTION (D) OF THIS**
17 **SECTION.**

18 **(2) A LOCAL EMPLOYER MAY ELECT TO HAVE THE AMOUNTS**
19 **REQUIRED UNDER THIS SECTION DEDUCTED FROM STATE AID DISTRIBUTIONS**
20 **UNDER THE EDUCATION ARTICLE.**

21 **(3) IF A LOCAL EMPLOYER DOES NOT PAY THE AMOUNTS**
22 **REQUIRED UNDER THIS SECTION WITHIN THE TIME REQUIRED, THE LOCAL**
23 **EMPLOYER IS LIABLE FOR INTEREST ON DELINQUENT AMOUNTS AT A RATE OF**
24 **4% A YEAR UNTIL PAYMENT.**

25 **(4) THE SECRETARY OF THE BOARD OF TRUSTEES MAY ALLOW A**
26 **GRACE PERIOD NOT TO EXCEED 10 CALENDAR DAYS FOR PAYMENT OF THE**
27 **AMOUNTS CERTIFIED UNDER THIS SECTION.**

28 **(5) ON NOTIFICATION BY THE SECRETARY OF THE BOARD OF**
29 **TRUSTEES THAT A DELINQUENCY EXISTS, THE STATE COMPTROLLER**
30 **IMMEDIATELY SHALL EXERCISE THE RIGHT OF SETOFF AGAINST ANY MONEY**
31 **DUE OR COMING DUE TO THAT LOCAL EMPLOYER FROM THE STATE.**

32 **(F) ON RECEIPT OF THE PAYMENTS FROM EACH LOCAL EMPLOYER, THE**
33 **BOARD OF TRUSTEES SHALL CREDIT THESE AMOUNTS TO THE ACCUMULATION**
34 **FUND OF THE APPROPRIATE STATE SYSTEM.**

1 **(G) (1) NOTWITHSTANDING § 5-202(D) OF THE EDUCATION ARTICLE,**
2 **IN FISCAL YEARS 2013 THROUGH 2015 ONLY, A COUNTY THAT DOES NOT MEET**
3 **THE MAINTENANCE OF EFFORT REQUIREMENT AND DOES NOT RECEIVE A**
4 **WAIVER SHALL BE REQUIRED TO PAY TO THE COUNTY BOARD OF EDUCATION**
5 **THE DIFFERENCE BETWEEN THE LOCAL APPROPRIATION TO THE COUNTY**
6 **SCHOOL OPERATING BUDGET AND THE AMOUNT CERTIFIED BY THE STATE**
7 **SUPERINTENDENT OF SCHOOLS AS THE REQUIRED LOCAL MAINTENANCE OF**
8 **EFFORT AMOUNT UNDER § 5-202(D)(1)(II) OF THE EDUCATION ARTICLE.**

9 **(2) IF A COUNTY DOES NOT MAKE THE PAYMENT REQUIRED**
10 **UNDER THIS SUBSECTION TO THE COUNTY BOARD BY MAY 15 OF THE FISCAL**
11 **YEAR FOR WHICH THE PAYMENT IS REQUIRED, THE STATE COMPTROLLER**
12 **IMMEDIATELY SHALL EXERCISE THE RIGHT OF SETOFF AGAINST ANY MONEY**
13 **DUE OR COMING DUE TO THAT COUNTY FROM THE STATE AND CREDIT IT TO THE**
14 **COUNTY BOARD OF EDUCATION.**

15 **23-101.**

16 **(A) IN THIS TITLE THE FOLLOWING WORDS HAVE THE MEANINGS**
17 **INDICATED.**

18 **(B) “STABLE BENEFIT SELECTION” MEANS THE RETIREMENT**
19 **SELECTION DESCRIBED IN § 23-226 OF THIS TITLE.**

20 **(C) “STABLE MEMBER CONTRIBUTION RATE SELECTION” MEANS THE**
21 **RETIREMENT SELECTION DESCRIBED IN § 23-227 OF THIS TITLE.**

22 **(D) “REDUCED MEMBER CONTRIBUTION RATE” MEANS THE**
23 **RETIREMENT SELECTION DESCRIBED IN § 23-228 OF THIS TITLE.**

24 **(E) “CASH BALANCE SELECTION” MEANS THE RETIREMENT SELECTION**
25 **DESCRIBED IN § 23-229 OF THIS TITLE.**

26 **[23-101.] 23-102.**

27 This title applies only to:

- 28 (1) the Employees' Pension System; and
- 29 (2) the Teachers' Pension System.

30 **23-212.**

1 (a) Except as otherwise provided in this section, a member's contribution
2 rate is 5% of the part of the member's earnable compensation that exceeds the taxable
3 wage base for each year.

4 (b) The contribution rate of a member who is subject to the contributory
5 pension benefit under Part II of this subtitle is 2% of the member's earnable
6 compensation.

7 (c) The contribution rate of a member who is subject to the Alternate
8 Contributory Pension Selection under Part III of this subtitle is:

9 (1) 3% of the member's earnable compensation received from July 1,
10 2006 to June 30, 2007, both inclusive;

11 (2) 4% of the member's earnable compensation received from July 1,
12 2007 to June 30, 2008, both inclusive; and

13 (3) 5% of the member's earnable compensation received on or after
14 July 1, 2008.

15 **(D) (1) THE CONTRIBUTION RATE OF A MEMBER WHO IS SUBJECT TO**
16 **THE STABLE BENEFIT SELECTION UNDER PART IV OF THIS SUBTITLE IS 8% OF**
17 **THE MEMBER'S EARNABLE COMPENSATION.**

18 **(2) THE CONTRIBUTION RATE OF A MEMBER WHO IS SUBJECT TO**
19 **THE STABLE MEMBER CONTRIBUTION RATE SELECTION UNDER PART IV OF**
20 **THIS SUBTITLE IS 5% OF THE MEMBER'S EARNABLE COMPENSATION.**

21 **(3) THE CONTRIBUTION RATE OF A MEMBER WHO IS SUBJECT TO**
22 **THE REDUCED MEMBER CONTRIBUTION RATE SELECTION UNDER PART IV OF**
23 **THIS SUBTITLE IS 3% OF THE MEMBER'S EARNABLE COMPENSATION.**

24 **(4) THE CONTRIBUTION RATE OF A MEMBER WHO IS SUBJECT TO**
25 **THE CASH BALANCE SELECTION UNDER PART IV OF THIS SUBTITLE IS 5% OF**
26 **THE MEMBER'S EARNABLE COMPENSATION.**

27 23–217.

28 (a) Except as provided in subsection (b) of this section, this Part II of this
29 subtitle applies to an individual who is:

30 (1) a member of the Employees' Pension System or the Teachers'
31 Pension System; or

1 (2) a member of the Employees' Retirement System or the Teachers'
2 Retirement System subject to Selection C (Combination Formula) as provided in
3 § 22–221 of this article.

4 (b) This Part II of this subtitle does not apply to an individual who is:

5 (1) an employee of:

6 (i) a participating governmental unit that has not elected the
7 contributory pension benefit for its employees under § 31–116 of this article; or

8 (ii) a former participating governmental unit, other than
9 Frederick County, that has withdrawn;

10 (2) a member of the Employees' Pension System or Teachers' Pension
11 System who transferred from the Employees' Retirement System or Teachers'
12 Retirement System after April 1, 1998; [or]

13 (3) a member who is subject to the Alternate Contributory Pension
14 Selection under Part III of this subtitle; **OR**

15 **(4) A MEMBER WHO IS SUBJECT TO THE SUSTAINABLE PENSION**
16 **SELECTION UNDER PART IV OF THIS SUBTITLE.**

17 23–221.

18 (a) In this section, “active member” means a member who is not separated
19 from employment with the State or a participating employer of the State.

20 (b) Except as provided in subsection (c) of this section, this part applies to an
21 individual who on or after June 30, 2006, is:

22 (1) an active member of the Employees' Pension System or the
23 Teachers' Pension System; or

24 (2) a member of the Teachers' Retirement System or Employees'
25 Retirement System who is subject to Selection C (Combination Formula) as provided
26 in § 22–221 of this article.

27 (c) This Part III does not apply to:

28 (1) an employee of a participating governmental unit participating in
29 the Employees' Pension System that has not elected to participate in the Alternate
30 Contributory Pension Selection under § 31–116.1 of this article or a former
31 participating governmental unit, other than Frederick County, that has withdrawn
32 from the Employees' Pension System; [or]

1 (2) a member of the Employees' Pension System or the Teachers'
2 Pension System who transferred from the Employees' Retirement System or the
3 Teachers' Retirement System after April 1, 1998; OR

4 (3) A MEMBER WHO IS SUBJECT TO THE SUSTAINABLE PENSION
5 SELECTION UNDER PART IV OF THIS SUBTITLE.

6 **23-223. RESERVED.**

7 **23-224. RESERVED.**

8 **PART IV. SUSTAINABLE PENSION SELECTION.**

9 **23-225.**

10 (A) (1) THIS PART IV OF THIS SUBTITLE APPLIES TO AN INDIVIDUAL
11 WHO IS A MEMBER OF THE EMPLOYEES' PENSION SYSTEM OR THE TEACHERS'
12 PENSION SYSTEM.

13 (2) THIS PART IV OF THIS SUBTITLE DOES NOT APPLY TO AN
14 EMPLOYEE OF A PARTICIPATING GOVERNMENTAL UNIT PARTICIPATING IN THE
15 EMPLOYEES' PENSION SYSTEM.

16 (B) (1) THIS SUBSECTION APPLIES TO A MEMBER WHO:

17 (I) ON OR BEFORE JUNE 30, 2012, IS SUBJECT TO THE
18 ALTERNATE CONTRIBUTORY PENSION SELECTION UNDER PART III OF THIS
19 SUBTITLE; AND

20 (II) ON JULY 1, 2012, IS A MEMBER OF THE EMPLOYEES'
21 PENSION SYSTEM OR THE TEACHERS' PENSION SYSTEM.

22 (2) ON OR BEFORE JULY 1, 2012, A MEMBER SHALL MAKE A
23 ONE-TIME IRREVOCABLE SELECTION TO PARTICIPATE IN:

24 (I) THE STABLE BENEFIT SELECTION UNDER § 23-226 OF
25 THIS SUBTITLE;

26 (II) THE STABLE MEMBER CONTRIBUTION RATE
27 SELECTION UNDER § 23-227 OF THIS SUBTITLE;

28 (III) THE REDUCED MEMBER CONTRIBUTION RATE
29 SELECTION UNDER § 23-228 OF THIS SUBTITLE; OR

1 (IV) THE CASH BALANCE SELECTION UNDER § 23-229 OF
2 THIS SUBTITLE.

3 **23-226.**

4 (A) (1) THIS SECTION APPLIES ONLY TO A MEMBER WHO IS SUBJECT
5 TO THE STABLE BENEFIT SELECTION.

6 (2) THE EFFECTIVE DATE FOR APPLICATION OF THIS SECTION IS
7 JULY 1, 2012, FOR A MEMBER WHO:

8 (I) ON JUNE 30, 2011, WAS SUBJECT TO ALTERNATE
9 CONTRIBUTORY PENSION SELECTION;

10 (II) IS EMPLOYED BY A PARTICIPATING EMPLOYER ON JULY
11 1, 2012; AND

12 (III) DOES NOT ELECT THE STABLE MEMBER CONTRIBUTION
13 RATE SELECTION, REDUCED MEMBER CONTRIBUTION RATE SELECTION, OR
14 CASH BALANCE SELECTION ON OR BEFORE JUNE 30, 2012.

15 (B) A MEMBER WHO IS SUBJECT TO THE STABLE BENEFIT SELECTION
16 SHALL:

17 (1) RECEIVE AN ALLOWANCE FOR ALL CREDITABLE SERVICE AS
18 FOLLOWS:

19 (I) FOR NORMAL SERVICE RETIREMENT AS PROVIDED BY §
20 23-401(F)(2) OF THIS TITLE;

21 (II) FOR EARLY SERVICE RETIREMENT AS PROVIDED BY §
22 23-402 OF THIS TITLE;

23 (III) FOR ORDINARY DISABILITY RETIREMENT AS PROVIDED
24 BY § 29-106 OF THIS ARTICLE; AND

25 (IV) FOR ACCIDENTAL DISABILITY RETIREMENT AS
26 PROVIDED BY § 29-110 OF THIS ARTICLE;

27 (2) HAVE THE ALLOWANCE ADJUSTED AS PROVIDED BY TITLE 29,
28 SUBTITLE 4, PART VII OF THIS ARTICLE; AND

1 **(3) FROM THE EFFECTIVE DATE FOR APPLICATION OF THIS**
2 **SECTION, MAKE THE MEMBER CONTRIBUTIONS AT THE RATE SPECIFIED BY §**
3 **23-212(D)(1) OF THIS SUBTITLE.**

4 **23-227.**

5 **(A) (1) THIS SECTION APPLIES ONLY TO A MEMBER WHO IS SUBJECT**
6 **TO THE STABLE MEMBER CONTRIBUTION RATE SELECTION.**

7 **(2) (I) THE EFFECTIVE DATE FOR APPLICATION OF THIS**
8 **SECTION IS JULY 1, 2012, FOR A MEMBER WHO:**

9 **1. ON JUNE 30, 2011, WAS SUBJECT TO ALTERNATE**
10 **CONTRIBUTORY PENSION SELECTION;**

11 **2. IS EMPLOYED BY A PARTICIPATING EMPLOYER ON**
12 **JULY 1, 2012; AND**

13 **3. ON OR BEFORE JUNE 30, 2012, ELECTS THE**
14 **STABLE MEMBER CONTRIBUTION RATE SELECTION.**

15 **(II) THE EFFECTIVE DATE FOR APPLICATION FOR A**
16 **MEMBER WHO BEGINS EMPLOYMENT WITH A PARTICIPATING EMPLOYER ON OR**
17 **AFTER JULY 1, 2012, AND SELECTS THE STABLE MEMBER CONTRIBUTION**
18 **RATE SELECTION IS THE DATE THE MEMBER BEGINS EMPLOYMENT WITH THE**
19 **PARTICIPATING EMPLOYER.**

20 **(B) FROM THE EFFECTIVE DATE FOR APPLICATION OF THIS SECTION, A**
21 **MEMBER WHO IS SUBJECT TO THE STABLE MEMBER CONTRIBUTION RATE**
22 **SELECTION SHALL:**

23 **(1) RECEIVE AN ALLOWANCE FOR ALL CREDITABLE SERVICE AS**
24 **FOLLOWS:**

25 **(I) FOR NORMAL SERVICE RETIREMENT:**

26 **1. FOR CREDITABLE SERVICE BEFORE THE**
27 **EFFECTIVE DATE AS PROVIDED BY § 23-401(D) OF THIS TITLE; AND**

28 **2. FOR CREDITABLE SERVICE ON AND AFTER THE**
29 **EFFECTIVE DATE AS PROVIDED BY § 23-401(F)(3) OF THIS TITLE;**

30 **(II) FOR EARLY SERVICE RETIREMENT AS PROVIDED BY §**
31 **23-402 OF THIS TITLE;**

1 (III) FOR ORDINARY DISABILITY RETIREMENT AS PROVIDED
2 BY § 29-106 OF THIS ARTICLE; AND

3 (IV) FOR ACCIDENTAL DISABILITY RETIREMENT AS
4 PROVIDED BY § 29-110 OF THIS ARTICLE;

5 (2) HAVE THE ALLOWANCE ADJUSTED AS PROVIDED BY TITLE 29,
6 SUBTITLE 4, PART VII OF THIS ARTICLE; AND

7 (3) MAKE THE MEMBER CONTRIBUTIONS AT THE RATE SPECIFIED
8 BY § 23-212(D)(2) OF THIS SUBTITLE.

9 23-228.

10 (A) (1) THIS SECTION APPLIES ONLY TO A MEMBER WHO IS SUBJECT
11 TO THE REDUCED MEMBER CONTRIBUTION RATE SELECTION.

12 (2) (I) THE EFFECTIVE DATE FOR APPLICATION OF THIS
13 SECTION IS JULY 1, 2012, FOR A MEMBER WHO:

14 1. ON JUNE 30, 2011, WAS SUBJECT TO ALTERNATE
15 CONTRIBUTORY PENSION SELECTION;

16 2. IS EMPLOYED BY A PARTICIPATING EMPLOYER ON
17 JULY 1, 2012; AND

18 3. ON OR BEFORE JUNE 30, 2012, ELECTS THE
19 REDUCED MEMBER CONTRIBUTION RATE SELECTION.

20 (II) THE EFFECTIVE DATE FOR APPLICATION FOR A
21 MEMBER WHO BEGINS EMPLOYMENT WITH A PARTICIPATING EMPLOYER ON OR
22 AFTER JULY 1, 2012, AND SELECTS THE REDUCED MEMBER CONTRIBUTION
23 RATE SELECTION IS THE DATE THE MEMBER BEGINS EMPLOYMENT WITH THE
24 PARTICIPATING EMPLOYER.

25 (B) FROM THE EFFECTIVE DATE FOR APPLICATION OF THIS SECTION, A
26 MEMBER WHO IS SUBJECT TO THE REDUCED MEMBER CONTRIBUTION RATE
27 SELECTION SHALL:

28 (1) RECEIVE AN ALLOWANCE FOR ALL CREDITABLE SERVICE AS
29 FOLLOWS:

30 (I) FOR NORMAL SERVICE RETIREMENT:

1 1. FOR CREDITABLE SERVICE BEFORE THE
2 EFFECTIVE DATE AS PROVIDED BY § 23-401(D) OF THIS TITLE; AND

3 2. FOR CREDITABLE SERVICE ON AND AFTER THE
4 EFFECTIVE DATE AS PROVIDED BY § 23-401(F)(4) OF THIS TITLE;

5 (II) FOR EARLY SERVICE RETIREMENT AS PROVIDED BY §
6 23-402 OF THIS TITLE;

7 (III) FOR ORDINARY DISABILITY RETIREMENT AS PROVIDED
8 BY § 29-106 OF THIS ARTICLE; AND

9 (IV) FOR ACCIDENTAL DISABILITY RETIREMENT AS
10 PROVIDED BY § 29-110 OF THIS ARTICLE;

11 (2) HAVE THE ALLOWANCE ADJUSTED AS PROVIDED BY TITLE 29,
12 SUBTITLE 4, PART VII OF THIS ARTICLE; AND

13 (3) MAKE THE MEMBER CONTRIBUTIONS AT THE RATE SPECIFIED
14 BY § 23-212(D)(3) OF THIS SUBTITLE.

15 23-229.

16 (A) THIS SECTION APPLIES ONLY TO A MEMBER WHO IS SUBJECT TO
17 THE CASH BALANCE SELECTION.

18 (B) (1) ON OR BEFORE DECEMBER 31, 2011, THE BOARD OF
19 TRUSTEES SHALL ESTABLISH A CASH BALANCE PLAN IN ACCORDANCE WITH §
20 21-304.1 OF THIS ARTICLE AND § 23-212(D)(4) OF THIS SUBTITLE.

21 (2) THE CASH BALANCE PLAN ESTABLISHED BY THE BOARD OF
22 TRUSTEES SHALL PROVIDE THAT A MEMBER'S ACCOUNT SHALL ACCRUE
23 INTEREST AT THE RATE OF 5% A YEAR, COMPOUNDED ANNUALLY.

24 (3) THE BOARD OF TRUSTEES SHALL ADOPT REGULATIONS THAT
25 ARE NECESSARY TO CARRY OUT THIS SUBSECTION.

26 (C) (1) THE EFFECTIVE DATE FOR APPLICATION OF THIS SECTION IS
27 JULY 1, 2012, FOR A MEMBER WHO:

28 (I) ON JUNE 30, 2011, WAS SUBJECT TO ALTERNATE
29 CONTRIBUTORY PENSION SELECTION;

1 (II) IS EMPLOYED BY A PARTICIPATING EMPLOYER ON JULY
2 1, 2012; AND

3 (III) ON OR BEFORE JUNE 30, 2012, ELECTS THE CASH
4 BALANCE SELECTION.

5 (2) THE EFFECTIVE DATE FOR APPLICATION FOR A MEMBER WHO
6 BEGINS EMPLOYMENT WITH A PARTICIPATING EMPLOYER ON OR AFTER JULY 1,
7 2012, AND SELECTS THE CASH BALANCE SELECTION IS THE DATE THE MEMBER
8 BEGINS EMPLOYMENT WITH THE PARTICIPATING EMPLOYER.

9 (D) FROM THE EFFECTIVE DATE FOR APPLICATION OF THIS SECTION, A
10 MEMBER WHO IS SUBJECT TO THE CASH BALANCE SELECTION SHALL:

11 (1) RECEIVE AN ALLOWANCE IN ACCORDANCE WITH THE
12 PROVISIONS OF THE CASH BALANCE PLAN ESTABLISHED BY THE BOARD OF
13 TRUSTEES UNDER SUBSECTION (B) OF THIS SECTION; AND

14 (2) MAKE THE MEMBER CONTRIBUTIONS AT THE RATE SPECIFIED
15 BY § 23-212(D)(4) OF THIS SUBTITLE.

16 23-401.

17 (a) (1) THIS SUBSECTION APPLIES TO A MEMBER WHO JOINED THE
18 EMPLOYEES' PENSION SYSTEM OR TEACHERS' PENSION SYSTEM ON OR
19 BEFORE JULY 1, 2006.

20 (2) A member may retire with a normal service retirement allowance
21 if:

22 [(1)] (I) the member completes and submits a written application to
23 the Board of Trustees stating the date when the member desires to retire; and

24 [(2)] (II) on or before the date of retirement, the member:

25 [(i)] 1. has at least 30 years of eligibility service;

26 [(ii)] 2. has a combined total of at least 30 years of eligibility
27 service from the Employees' Pension System, the Teachers' Pension System, the
28 Employees' Retirement System, or the Teachers' Retirement System; or

29 [(iii)] 3. has attained the age and the years of eligibility
30 service as follows:

31 Age Years of Eligibility

1			Service
2	62	with	5
3	63	with	4
4	64	with	3
5	65	or more with	2

6 **(B) (1) THIS SUBSECTION APPLIES TO A MEMBER WHO JOINED THE**
 7 **EMPLOYEES' PENSION SYSTEM OR TEACHERS' PENSION SYSTEM AFTER JULY**
 8 **1, 2006.**

9 **(2) A MEMBER MAY RETIRE WITH A NORMAL SERVICE**
 10 **RETIREMENT ALLOWANCE IF:**

11 **(I) THE MEMBER COMPLETES AND SUBMITS A WRITTEN**
 12 **APPLICATION TO THE BOARD OF TRUSTEES STATING THE DATE WHEN THE**
 13 **MEMBER DESIRES TO RETIRE; AND**

14 **(II) ON OR BEFORE THE DATE OF RETIREMENT, THE**
 15 **MEMBER:**

16 **1. HAS ATTAINED THE AGE OF 62 AND 10 YEARS OF**
 17 **ELIGIBILITY SERVICE; OR**

18 **2. HAS AT LEAST 92 YEARS OF COMBINED AGE AND**
 19 **YEARS OF ELIGIBILITY SERVICE.**

20 **[(b)] (C)** Except as provided in subsections **[(c), (d), and (e)] (D), (E), (F),**
 21 **AND (G)** of this section, on retirement under this section, a member is entitled to
 22 receive a normal service retirement allowance that equals the number of years of the
 23 member's creditable service multiplied by:

24 (1) 0.8% of the member's average final compensation that is not in
 25 excess of the Social Security integration level; and

26 (2) 1.5% of the member's average final compensation that exceeds the
 27 Social Security integration level.

28 **[(c)] (D)** Except as provided in **[subsection (e)] SUBSECTIONS (F) AND (G)**
 29 of this section, on retirement under this section, a member who is subject to the
 30 contributory pension benefit under Subtitle 2, Part II of this title is entitled to receive
 31 a normal service retirement allowance that equals the sum of:

32 (1) the number of years of the member's creditable service on or after
 33 July 1, 1998 multiplied by 1.4% of the member's average final compensation; and

34 (2) the greater of:

1 (i) the number of years of the member's creditable service on or
2 before June 30, 1998 multiplied by 1.2% of the member's average final compensation;
3 or

4 (ii) the number of years of the member's creditable service on or
5 before June 30, 1998 multiplied by:

6 1. 0.8% of the member's average final compensation that
7 is not in excess of the Social Security integration level; and

8 2. 1.5% of the member's average final compensation that
9 exceeds the Social Security integration level.

10 **[(d)] (E)** Except as provided in **[subsection (e)] SUBSECTIONS (F) AND (G)**
11 of this section, a member who is subject to the Alternate Contributory Pension
12 Selection under Subtitle 2, Part III of this title is entitled to receive a normal service
13 retirement allowance that equals the sum of:

14 (1) the greater of:

15 (i) the number of years of the member's creditable service on or
16 before June 30, 1998 multiplied by 1.2% of the member's average final compensation;
17 or

18 (ii) the number of years of the member's creditable service on or
19 before June 30, 1998 multiplied by:

20 1. 0.8% of the member's average final compensation that
21 is not in excess of the Social Security integration level; and

22 2. 1.5% of the member's average final compensation that
23 exceeds the Social Security integration level; and

24 (2) the number of years of the member's creditable service on or after
25 July 1, 1998 multiplied by 1.8% of the member's average final compensation.

26 **(F) (1) EXCEPT AS PROVIDED IN SUBSECTION (G) OF THIS SECTION, A**
27 **MEMBER WHO IS SUBJECT TO THE SUSTAINABLE PENSION SELECTION UNDER**
28 **SUBTITLE 2, PART IV OF THIS TITLE IS ENTITLED TO RECEIVE A NORMAL**
29 **SERVICE RETIREMENT ALLOWANCE AS PROVIDED IN THIS SUBSECTION.**

30 **(2) A MEMBER WHO ELECTS THE STABLE BENEFIT SELECTION**
31 **SHALL RECEIVE A NORMAL SERVICE RETIREMENT BENEFIT THAT EQUALS THE**
32 **NORMAL SERVICE RETIREMENT BENEFIT UNDER SUBSECTION (E) OF THIS**
33 **SECTION.**

1 **(3) A MEMBER WHO ELECTS THE STABLE MEMBER**
2 **CONTRIBUTION RATE SELECTION SHALL RECEIVE A NORMAL SERVICE**
3 **RETIREMENT BENEFIT THAT EQUALS THE SUM OF:**

4 **(I) THE GREATER OF:**

5 **1. THE NUMBER OF YEARS OF THE MEMBER'S**
6 **CREDITABLE SERVICE ON OR BEFORE JUNE 30, 1998, MULTIPLIED BY 1.2% OF**
7 **THE MEMBER'S AVERAGE FINAL COMPENSATION; OR**

8 **2. THE NUMBER OF YEARS OF THE MEMBER'S**
9 **CREDITABLE SERVICE ON OR BEFORE JUNE 30, 1998, MULTIPLIED BY:**

10 **A. 0.8% OF THE MEMBER'S AVERAGE FINAL**
11 **COMPENSATION THAT IS NOT IN EXCESS OF THE SOCIAL SECURITY**
12 **INTEGRATION LEVEL; AND**

13 **B. 1.5% OF THE MEMBER'S AVERAGE FINAL**
14 **COMPENSATION THAT EXCEEDS THE SOCIAL SECURITY INTEGRATION LEVEL;**

15 **(II) THE NUMBER OF YEARS OF THE MEMBER'S CREDITABLE**
16 **SERVICE ON OR AFTER JULY 1, 1998, AND ON OR BEFORE JUNE 30, 2012,**
17 **MULTIPLIED BY 1.8% OF THE MEMBER'S AVERAGE FINAL COMPENSATION; AND**

18 **(III) THE NUMBER OF YEARS OF THE MEMBER'S**
19 **CREDITABLE SERVICE ON OR AFTER JULY 1, 2012, MULTIPLIED BY 1.6% OF THE**
20 **MEMBER'S AVERAGE FINAL COMPENSATION.**

21 **(4) A MEMBER WHO ELECTS THE REDUCED MEMBER**
22 **CONTRIBUTION RATE SELECTION SHALL RECEIVE A NORMAL SERVICE**
23 **RETIREMENT BENEFIT THAT EQUALS THE SUM OF:**

24 **(I) THE GREATER OF:**

25 **1. THE NUMBER OF YEARS OF THE MEMBER'S**
26 **CREDITABLE SERVICE ON OR BEFORE JUNE 30, 1998, MULTIPLIED BY 1.2% OF**
27 **THE MEMBER'S AVERAGE FINAL COMPENSATION; OR**

28 **2. THE NUMBER OF YEARS OF THE MEMBER'S**
29 **CREDITABLE SERVICE ON OR BEFORE JUNE 30, 1998, MULTIPLIED BY:**

30 **A. 0.8% OF THE MEMBER'S AVERAGE FINAL**
31 **COMPENSATION THAT IS NOT IN EXCESS OF THE SOCIAL SECURITY**
32 **INTEGRATION LEVEL; AND**

1 **B. 1.5% OF THE MEMBER'S AVERAGE FINAL**
 2 **COMPENSATION THAT EXCEEDS THE SOCIAL SECURITY INTEGRATION LEVEL;**

3 **(II) THE NUMBER OF YEARS OF THE MEMBER'S CREDITABLE**
 4 **SERVICE ON OR AFTER JULY 1, 1998, AND ON OR BEFORE JUNE 30, 2012,**
 5 **MULTIPLIED BY 1.8% OF THE MEMBER'S AVERAGE FINAL COMPENSATION; AND**

6 **(III) THE NUMBER OF YEARS OF THE MEMBER'S**
 7 **CREDITABLE SERVICE ON OR AFTER JULY 1, 2012, MULTIPLIED BY 1.4% OF THE**
 8 **MEMBER'S AVERAGE FINAL COMPENSATION.**

9 **[(e)] (G)** (1) This subsection applies only to a member who has a
 10 combined total of 30 years of eligibility service as provided in subsection **[(a)(2)(ii)]**
 11 **(A)(2)(II)2** of this section.

12 (2) A member is entitled to receive a normal service retirement
 13 allowance that equals:

14 (i) an allowance based on the creditable service the member
 15 earned in the Employees' Pension System;

16 (ii) an allowance based on the creditable service the member
 17 earned in the Employees' Retirement System;

18 (iii) an allowance based on the creditable service the member
 19 earned in the Teachers' Pension System; plus

20 (iv) an allowance based on the creditable service the member
 21 earned in the Teachers' Retirement System.

22 23-402.

23 **(a) (1) (I) THIS PARAGRAPH APPLIES TO A MEMBER WHO JOINED**
 24 **THE EMPLOYEES' PENSION SYSTEM OR TEACHERS' PENSION SYSTEM ON OR**
 25 **BEFORE JULY 1, 2006.**

26 **(II)** A member may retire with an early service retirement
 27 allowance if:

28 **[(1)] 1.** the member completes and submits a written application to
 29 the Board of Trustees stating the date when the member desires to retire; and

30 **[(2)] 2.** on or before the date of retirement, the member:

1 [(i)] A. has at least 15 years but less than 30 years of
2 eligibility service; and

3 [(ii)] B. is at least 55 but less than 62 years old.

4 (2) (i) THIS PARAGRAPH APPLIES TO A MEMBER WHO JOINED
5 THE EMPLOYEES' PENSION SYSTEM OR TEACHERS' PENSION SYSTEM AFTER
6 JULY 1, 2006.

7 (ii) A MEMBER MAY RETIRE WITH AN EARLY SERVICE
8 RETIREMENT ALLOWANCE IF:

9 1. THE MEMBER COMPLETES AND SUBMITS A
10 WRITTEN APPLICATION TO THE BOARD OF TRUSTEES STATING THE DATE WHEN
11 THE MEMBER DESIRES TO RETIRE; AND

12 2. ON OR BEFORE THE DATE OF RETIREMENT, THE
13 MEMBER:

14 A. HAS AT LEAST 20 YEARS BUT LESS THAN 30 YEARS
15 OF ELIGIBILITY SERVICE; AND

16 B. IS AT LEAST 57 BUT LESS THAN 62 YEARS OLD.

17 (b) On retirement under this section, a member is entitled to receive an early
18 service retirement allowance that equals the normal service retirement allowance
19 under § 23-401 of this subtitle, reduced by 0.5% for each month that the member's
20 early retirement date precedes the date the member will be 62 years old.

21 24-401.1.

22 (h) (2) During the period that a DROP member participates in the DROP,
23 the Board of Trustees shall:

24 (i) deposit the DROP member's normal service retirement
25 allowance in the DROP for the DROP member's benefit;

26 (ii) adjust the DROP member's normal service retirement
27 allowance each fiscal year as provided in Title 29, Subtitle 4, Part III of this article;
28 and

29 (iii) accrue interest on the amounts calculated under items (i)
30 and (ii) of this paragraph for the DROP member into the DROP at the rate of [6%] 4%
31 a year, compounded [monthly] ANNUALLY.

32 26-401.1.

1 (h) (2) During the period that a DROP member participates in the DROP,
2 the Board of Trustees shall:

3 (i) deposit the DROP member's normal service retirement
4 allowance in the DROP for the DROP member's benefit;

5 (ii) adjust the DROP member's normal service retirement
6 allowance each fiscal year as provided in Title 29, Subtitle 4, Part VI of this article;
7 and

8 (iii) accrue interest on the amounts calculated under
9 subparagraphs (i) and (ii) of this paragraph for the DROP member into the DROP at
10 the rate of [6%] 4% a year, compounded [monthly] ANNUALLY.

11 29–302.

12 (a) This section applies only to members of:

13 (1) the Correctional Officers' Retirement System;

14 (2) the Employees' Retirement System;

15 (3) the State Police Retirement System; and

16 (4) the Teachers' Retirement System.

17 (b) (1) **THIS SUBSECTION APPLIES TO AN INDIVIDUAL WHO:**

18 **(I) IS A MEMBER ON OR BEFORE JUNE 30, 2011; AND**

19 **(II) HAS AT LEAST 5 YEARS OF ELIGIBILITY SERVICE.**

20 **(2)** A member may elect to receive a vested allowance if:

21 (i) the member is separated from employment other than by
22 death or retirement; and

23 (ii) subject to paragraph [(2)] **(3)** of this subsection, the member
24 has at least 5 years of eligibility service.

25 **[(2)] (3)** A former member of the State Police Retirement System
26 who separated from employment on or before June 30, 1989, must have at least 15
27 years of eligibility service to elect a vested allowance.

1 ~~[(3)]~~ (4) A member is deemed to have elected a vested allowance,
 2 unless the member requests the return of the accumulated contributions before
 3 membership ends.

4 **(B-1) (1) THIS SUBSECTION APPLIES TO AN INDIVIDUAL WHO:**

5 **(I) IS A MEMBER ON JULY 1, 2011, WITH LESS THAN 5**
 6 **YEARS OF ELIGIBILITY SERVICE; OR**

7 **(II) BECOMES A MEMBER ON OR AFTER JULY 1, 2011.**

8 **(2) A MEMBER IS ELIGIBLE TO RECEIVE A VESTED ALLOWANCE**
 9 **IF:**

10 **(I) THE MEMBER SEPARATED FROM EMPLOYMENT OTHER**
 11 **THAN BY DEATH OR RETIREMENT; AND**

12 **(II) THE MEMBER HAS AT LEAST 15 YEARS OF ELIGIBILITY**
 13 **SERVICE.**

14 29-303.

15 (a) This section applies only to members of:

16 (1) the Employees' Pension System;

17 (2) the Local Fire and Police System;

18 (3) the Law Enforcement Officers' Pension System; or

19 (4) the Teachers' Pension System.

20 (b) **(1) THIS SUBSECTION APPLIES TO AN INDIVIDUAL WHO:**

21 **(I) IS A MEMBER ON OR BEFORE JUNE 30, 2011; AND**

22 **(II) HAS AT LEAST 5 YEARS OF ELIGIBILITY SERVICE.**

23 **(2) A member is eligible to receive a vested allowance if:**

24 ~~[(1)]~~ **(I) the member separated from employment other than by**
 25 **death or retirement; and**

26 ~~[(2)]~~ **(II) the member has at least 5 years of eligibility service.**

1 **(B-1) (1) THIS SUBSECTION APPLIES TO AN INDIVIDUAL WHO:**

2 **(I) IS A MEMBER ON JULY 1, 2011, WITH LESS THAN 5**
3 **YEARS OF ELIGIBILITY SERVICE; OR**

4 **(II) BECOMES A MEMBER ON OR AFTER JULY 1, 2011.**

5 **(2) A MEMBER IS ELIGIBLE TO RECEIVE A VESTED ALLOWANCE**
6 **IF:**

7 **(I) THE MEMBER SEPARATED FROM EMPLOYMENT OTHER**
8 **THAN BY DEATH OR RETIREMENT; AND**

9 **(II) THE MEMBER HAS AT LEAST 15 YEARS OF ELIGIBILITY**
10 **SERVICE.**

11 29-410.

12 (a) This Part III applies only to an allowance received **INITIALLY ON OR**
13 **BEFORE JUNE 30, 2012**, by:

14 (1) a former member, retiree, or surviving spouse of a member:

15 (i) of the Correctional Officers' Retirement System;

16 (ii) of the Employees' Retirement System or the Teachers'
17 Retirement System who elected Selection A (Additional member contributions);

18 (iii) of the State Police Retirement System;

19 (iv) who transferred to the Local Fire and Police System from
20 the Employees' Retirement System; or

21 (v) who transferred to the Law Enforcement Officers' Pension
22 System from the Employees' Retirement System and had elected Selection A
23 (Additional member contributions); or

24 (2) a surviving beneficiary of a deceased former member or retiree
25 described in item (1) of this subsection.

26 29-425.

27 (a) This Part VI of this subtitle applies:

28 (1) on or after July 1, 1998, only to an allowance received **INITIALLY**
29 **ON OR BEFORE JUNE 30, 2012**, by a former member, retiree, or surviving

1 beneficiary of a deceased member, former member, or retiree of the Employees'
2 Pension System or the Teachers' Pension System; and

3 (2) on or after December 31, 2000, to an allowance received **INITIALLY**
4 **ON OR BEFORE JUNE 30, 2012**, by a former member, retiree, or surviving
5 beneficiary of a deceased member, former member, or retiree of the Law Enforcement
6 Officers' Pension System.

7 **29-428. RESERVED.**

8 **29-429. RESERVED.**

9 **PART VII. THREE/ONE PERCENT COMPOUND ADJUSTMENT.**

10 **29-430.**

11 **THIS PART VII OF THIS SUBTITLE APPLIES TO AN ALLOWANCE RECEIVED**
12 **INITIALLY ON OR AFTER JULY 1, 2012, BY A FORMER MEMBER, RETIREE, OR**
13 **SURVIVING BENEFICIARY OF A DECEASED MEMBER, FORMER MEMBER, OR**
14 **RETIREE:**

15 (1) **OF THE CORRECTIONAL OFFICERS' RETIREMENT SYSTEM;**

16 (2) **OF THE EMPLOYEES' PENSION SYSTEM;**

17 (3) **OF THE LAW ENFORCEMENT OFFICERS' PENSION SYSTEM;**

18 (4) **OF THE STATE POLICE RETIREMENT SYSTEM; OR**

19 (5) **OF THE TEACHERS' PENSION SYSTEM.**

20 **29-431.**

21 **EACH FISCAL YEAR, THE BOARD OF TRUSTEES SHALL ADJUST EACH**
22 **ALLOWANCE AS PROVIDED IN THIS PART VII OF THIS SUBTITLE.**

23 **29-432.**

24 (A) **EACH FISCAL YEAR, THE BOARD OF TRUSTEES SHALL ADJUST AN**
25 **ALLOWANCE BY MULTIPLYING THE ALLOWANCE FOR THE PRECEDING FISCAL**
26 **YEAR, EXCLUSIVE OF ANY ADDITIONAL VOLUNTARY ANNUITY, BY A RATE THAT:**

27 (1) **IS OBTAINED BY DIVIDING THE CONSUMER PRICE INDEX FOR**
28 **THE CALENDAR YEAR ENDING DECEMBER 31 IN THE PRECEDING FISCAL YEAR**

1 BY THE CONSUMER PRICE INDEX FOR THE CALENDAR YEAR ENDING
2 DECEMBER 31 IN THE SECOND PRECEDING FISCAL YEAR; AND

3 (2) DOES NOT EXCEED:

4 (I) 3% IF, FOR THE CALENDAR YEAR ENDING DECEMBER 31
5 IN THE PRECEDING FISCAL YEAR, THE TOTAL INVESTMENT PERFORMANCE OF
6 THE SEVERAL SYSTEMS EQUALS OR EXCEEDS THE ASSUMED RATE OF
7 INVESTMENT RETURN ESTABLISHED BY THE BOARD OF TRUSTEES IN
8 ACCORDANCE WITH § 21-125(C) OF THIS ARTICLE; OR

9 (II) 1% IF, FOR THE CALENDAR YEAR ENDING DECEMBER 31
10 IN THE PRECEDING FISCAL YEAR, THE TOTAL INVESTMENT PERFORMANCE OF
11 THE SEVERAL SYSTEMS DOES NOT EQUAL OR EXCEED THE ASSUMED RATE OF
12 INVESTMENT RETURN ESTABLISHED BY THE BOARD OF TRUSTEES IN
13 ACCORDANCE WITH § 21-125(C) OF THIS ARTICLE.

14 (B) THE ADJUSTMENT UNDER SUBSECTION (A) OF THIS SECTION SHALL
15 BEGIN THE SECOND JULY 1 AFTER THE DAY PRECEDING THE RETIREE'S DATE
16 OF RETIREMENT OR THE FORMER MEMBER'S EFFECTIVE DATE FOR RECEIPT OF
17 A VESTED ALLOWANCE.

18 (C) THE TOTAL ALLOWANCE PAYABLE IN EACH FISCAL YEAR SHALL BE
19 THE SUM OF:

20 (1) THE ANNUAL RATE OF ALLOWANCE PAID DURING THE
21 PRECEDING FISCAL YEAR;

22 (2) THE ADJUSTMENT IN ALLOWANCE PROVIDED FOR UNDER
23 THIS SECTION; AND

24 (3) ANY ADDITIONAL ANNUITY.

25 Article - Education

26 5-202.

27 (a) (1) In this section the following words have the meanings indicated.

28 (2) "Annual per pupil foundation amount" means:

29 (i) For fiscal years 2004 through 2008, the sum, rounded to the
30 nearest dollar, of:

1 1. The fiscal year 2002 per pupil foundation amount of
2 \$4,124; and

3 2. The product of the difference between the target per
4 pupil foundation amount and \$4,124 and:

5 A. 0.40 in fiscal year 2004;

6 B. 0.52 in fiscal year 2005;

7 C. 0.71 in fiscal year 2006; and

8 D. 0.83 in fiscal year 2007; [and]

9 (ii) For fiscal [year] YEARS 2008 [and each fiscal year
10 thereafter] **THROUGH 2011**, the target per pupil foundation amount;

11 **(III) FOR FISCAL YEAR 2012, THE TARGET PER PUPIL**
12 **FOUNDATION AMOUNT PLUS \$93; AND**

13 **(IV) FOR FISCAL YEAR 2013 AND EACH FISCAL YEAR**
14 **THEREAFTER, THE TARGET PER PUPIL FOUNDATION AMOUNT ADJUSTED**
15 **UPWARDS OR DOWNWARDS AS NECESSARY FOR THE STATE TO PAY FOR 50% OF**
16 **THE AGGREGATE CHANGE IN LOCAL PENSION COSTS FROM THE PRIOR FISCAL**
17 **YEAR TO THAT FISCAL YEAR.**

18 (3) “Assessed valuation of real property” means the most recent
19 estimate made by the State Department of Assessments and Taxation before the
20 annual State budget is submitted to the General Assembly, of the assessed value of
21 real property for State purposes as of July 1 of the first completed fiscal year before
22 the school year for which the calculation of State aid is made under this section.

23 (4) “Assessed value of personal property” means the most recent
24 estimate by the State Department of Assessments and Taxation before the annual
25 State budget is submitted to the General Assembly of the assessed value for county
26 purposes of personal property as of July 1 of the first completed fiscal year before the
27 school year for which the calculation is made under this section.

28 (5) “Foundation program” means the product of the annual per pupil
29 foundation amount and a county’s full-time equivalent enrollment.

30 (6) “Full-time equivalent enrollment” means the sum of:

31 (i) The number of students enrolled in grades 1 through 12 or
32 their equivalent in regular day school programs on September 30 of the previous
33 school year;

1 (ii) Except as provided in item (iii) of this paragraph, the
2 product of the number of students enrolled in kindergarten programs on September 30
3 of the prior school year and:

- 4 1. 0.60 in fiscal year 2004;
- 5 2. 0.70 in fiscal year 2005;
- 6 3. 0.80 in fiscal year 2006;
- 7 4. 0.90 in fiscal year 2007; and
- 8 5. 1.00 in fiscal year 2008 and each fiscal year
9 thereafter;

10 (iii) In Garrett County, the number of students enrolled in
11 kindergarten programs on September 30 of the prior school year; and

12 (iv) The number of full-time equivalent students, as determined
13 by a regulation of the Department, enrolled in evening high school programs during
14 the previous school year.

15 (7) "Local contribution rate" means the figure that is calculated as
16 follows:

17 (i) Multiply the statewide full-time equivalent enrollment by
18 \$624, and multiply this product by:

- 19 1. 0.46 in fiscal year 2004;
- 20 2. 0.47 in fiscal year 2005;
- 21 3. 0.48 in fiscal year 2006;
- 22 4. 0.49 in fiscal year 2007; and
- 23 5. 0.50 in fiscal year 2008 and each fiscal year
24 thereafter;

25 (ii) Multiply the statewide full-time equivalent enrollment by
26 the amount that the annual per pupil foundation amount exceeds \$624, and multiply
27 this product by 0.50;

28 (iii) Add the two products calculated in items (i) and (ii) of this
29 paragraph, and divide the resulting sum by the sum of the wealth of all of the counties
30 in this State; and

1 (iv) Round the result obtained in item (iii) of this paragraph to
2 seven decimal places and express as a percent with five decimal places.

3 (8) **“LOCAL PENSION COSTS” MEANS THE TOTAL PENSION**
4 **AMOUNTS PAID BY LOCAL BOARDS OF EDUCATION FOR EMPLOYEES IN THE**
5 **STATE TEACHERS’ RETIREMENT AND PENSION SYSTEMS, AS CALCULATED IN §§**
6 **21–304(B)(5)(II) AND 21–304.1 OF THE STATE PERSONNEL AND PENSIONS**
7 **ARTICLE.**

8 (9) “Local share of the foundation program” means the product of the
9 local contribution rate and a county’s wealth.

10 [(9)] (10) “Net taxable income” means the amount certified by the
11 State Comptroller for the second completed calendar year before the school year for
12 which the calculation of State aid under this section is made, based on tax returns
13 filed on or before September 1 after this calendar year.

14 [(10)] (11) “Personal property” means all property classified as personal
15 property under § 8–101(c) of the Tax – Property Article.

16 [(11)] (12) “Real property” means all property classified as real
17 property under § 8–101(b) of the Tax – Property Article.

18 [(12)] (13) “State share of the foundation program” means the greater
19 of:

20 (i) The difference between the foundation program and the
21 local share of the foundation program; and

22 (ii) The result obtained by multiplying the annual per pupil
23 foundation amount by the county’s full-time equivalent enrollment, and multiplying
24 this product by:

- 25 1. 0.25 in fiscal year 2004;
- 26 2. 0.24 in fiscal year 2005;
- 27 3. 0.22 in fiscal year 2006;
- 28 4. 0.19 in fiscal year 2007; and
- 29 5. 0.15 in fiscal year 2008 and each fiscal year
30 thereafter.

31 [(13)] (14) “Target per pupil foundation amount” means:

- 32 (i) In fiscal years 2008, 2009, and 2010, \$6,694;

1 (ii) Except as provided in item (iii) of this paragraph, in
2 subsequent fiscal years:

3 1. The [target] ANNUAL per pupil foundation amount
4 for the prior fiscal year increased by the same percentage as the lesser of:

5 A. The increase in the implicit price deflator for State
6 and local government expenditures for the second prior fiscal year;

7 B. The Consumer Price Index for all urban consumers for
8 the Washington–Baltimore metropolitan area, or any successor index, for the second
9 prior fiscal year; or

10 C. 5%; or

11 2. If there is no increase in the implicit price deflator for
12 State and local government expenditures for the second prior fiscal year or in the
13 Consumer Price Index for all urban consumers for the Washington–Baltimore
14 metropolitan area, or any successor index, for the second prior fiscal year, the [target]
15 ANNUAL per pupil foundation amount for the prior fiscal year; and

16 (iii) In each of fiscal years 2012 through 2015:

17 1. The [target] ANNUAL per pupil foundation amount
18 for the prior fiscal year increased by the same percentage as the lesser of:

19 A. The increase in the implicit price deflator for State
20 and local government expenditures for the second prior fiscal year;

21 B. The Consumer Price Index for all urban consumers for
22 the Washington–Baltimore metropolitan area, or any successor index, for the second
23 prior fiscal year; or

24 C. 1%; or

25 2. If there is no increase in the implicit price deflator for
26 State and local government expenditures for the second prior fiscal year or in the
27 Consumer Price Index for all urban consumers for the Washington–Baltimore
28 metropolitan area, or any successor index, for the second prior fiscal year, the [target]
29 ANNUAL per pupil foundation amount for the prior fiscal year.

30 [(14)] (15) “Wealth” means the sum of:

31 (i) Net taxable income;

- 1 (ii) 100 percent of the assessed value of the operating real
2 property of public utilities;
- 3 (iii) 40 percent of the assessed valuation of all other real
4 property; and
- 5 (iv) 50 percent of assessed value of personal property.

6 SECTION 2. AND BE IT FURTHER ENACTED, That:

7 (a) In this section, “80% target amount” means the additional amount of
8 State employer contributions to the State Retirement and Pension System, above the
9 State’s contribution certified by the Board of Trustees for the State Retirement and
10 Pension System each fiscal year, that is necessary for the State Retirement and
11 Pension System to reach a funded status of 80% by fiscal year 2023.

12 (b) Notwithstanding §§ 21–304 and 21–308 of the State Personnel and
13 Pensions Article, or any other provision of law, to reflect the actuarially determined
14 impact of legislation increasing employee contributions to and reducing the liabilities
15 of the State Retirement and Pension System, the Governor shall include in the budget
16 bill the following amounts:

17 (1) for fiscal year 2013 through fiscal year 2023:

18 (i) the total amount of the State’s contributions to each system
19 certified by the Board of Trustees; and

20 (ii) the 80% target amount; and

21 (2) in fiscal year 2024, the total amount of the State’s contributions to
22 each system certified by the Board of Trustees.

23 (c) Each fiscal year, the 80% target amount shall be funded by savings
24 recognized by calculating the difference between the State’s required contribution for
25 that fiscal year and the amount that the Board of Trustees determines would have
26 been required had legislation increasing employee contributions to, and reducing
27 liabilities of, the State Retirement and Pension System not been enacted in 2011.

28 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
29 July 1, 2011.